

Mr. President, Mr. Speaker, members of the General Court and distinguished guests:

Thank you for the role you play in a mission we all share – making our Commonwealth strong.

Thank you to Ann. All good things in my life are connected with Ann and my family – a family that gets larger every year. Two-month-old Wyatt makes our eighth grandchild. This is the one sure way I have found to get more Republicans in Massachusetts.

I want to particularly thank the people of Massachusetts who honored and entrusted me with this great job.

You know, my dad served in the President's Cabinet after his time as a governor. He told me he enjoyed being governor a lot more. Now, I understand why. If I do my job well, I can make a difference in people's lives and I can help our children realize their dreams.

Many of you were in the audience two years ago when I first addressed you. We faced a daunting financial mountain. I asked you to help me reform government, to streamline and eliminate excess. I asked you to join with me to hold the line on taxes, to exercise fiscal responsibility. And you did.

In the last two years, we've saved the taxpayers millions of dollars through consolidations and efficiencies. We've modernized outmoded systems that hadn't been touched in decades. We reformed transportation, reformed public construction, reformed school building assistance to speed new schools. We launched landmark housing policies, created merit-based college scholarships and restructured departments and agencies. And we achieved these goals without raising taxes.

Thanks in large measure to our work together, I am proud to report that the state of the Commonwealth is strong and growing stronger. Massachusetts is back.

Last year, we added 25,000 new jobs. Our unemployment rate dropped to 4.6 percent, below the national average. The \$3 billion deficit of 2003 became a \$700 million surplus last year. And this year, I am proud to be able to submit a budget that does not draw on reserves or one-time funds, that does not increase our debt load and that is structurally balanced.

Two years ago, I said that if we exercised fiscal responsibility, we would one day be able to reach for our dreams and to fulfill the vision of our potential. I believe that time has come. And having spoken with President Travaglini and Speaker DiMasi, I am confident that in large measure, we share a common vision.

Here is what I see:

Massachusetts can be the first state in the nation where every one of its citizens has healthcare coverage.

Massachusetts children cannot only lead the nation in test scores, they can be competitive with the best in the world. And the gap in achievement among races can virtually disappear.

The number of good jobs and growing employers in Massachusetts can be the envy of the nation.

And we can have thriving cities and towns with ample green space, clean air and water and affordable housing convenient to shops and transit.

These dreams, this vision is within our reach if we can reach across the aisle, find common ground and turn a deaf ear to the special interests.

I think that's what's happening in healthcare. We all see families and employers across the Commonwealth staggering under the oppressive burden of rising health premiums. The high cost has left almost a half a million people with no insurance at all. The people of Massachusetts should not accept this and neither should we.

With world-leading hospitals and health care institutions at our doorstep to draw on, we are uniquely positioned to slow the growth in health care costs and expand access.

The prescription for what ails the system isn't more spending. Instead, we have to be smarter in the way we use the billions we already spend. Healthcare for all doesn't have to mean more taxes for all.

I have proposed a plan called Commonwealth Care. It offers new low-cost insurance options for the uninsured and small employers.

It does not raise people's taxes. It does not impose costly mandates on employers. It requires no takeover of our healthcare system. What it does require is a team effort, and I will work with you in the Legislature, with Senator Kennedy and with our state's health professionals. I know our plan won't be a quick cure; reform of this magnitude will come in stages and take time. But the vision of healthcare for all the people and of slowing down the runaway rise in health costs is real. I pledge every effort to get it done.

We have every reason to believe Massachusetts can offer a lot more good jobs. Last year, we created incentives for new jobs and funding for innovation. We stepped up to the expansion plan at Hanscom and Natick laboratories that has the potential to create thousands of new jobs. We boosted workforce training. And we hit the bricks, selling Massachusetts. We marketed our state to hundreds of employers, many of whom I met personally.

Because our incentive programs are working, so are more of our people. The payments we make to new medical product manufacturers, for example, have brought good jobs to Massachusetts. This year, let's expand job growth incentive programs to other industries as well. And let's expand our sales force. Our sales team is the smallest of any industrial state's. It's probably the smallest of any state's.

We also need to complete the job of reforming unemployment insurance. Our state program is so far out of line, it makes California's seem inexpensive.

We've made good progress in job training, but it's time to increase our support for the best job training program I know of: my budget will fund English classes for the thousands of adult immigrants who have been denied a seat in the classroom.

And, let's continue to fuel the recovery by giving the people of Massachusetts the tax rollback they voted for.

It's good for working families. It's good for small business. It's a powerful stimulus for the economy. And, it's our job to listen to the people.

Employers tell me that the biggest obstacle to creating new good jobs in Massachusetts is the high cost of our housing. My Administration and the Legislature have taken giant steps to boost the housing supply. I am pleased to report that these efforts have helped to double multi-family housing starts in the last two years. And instead of opening the door to sprawling development that gobbles up our green spaces, we've targeted housing in our town and city centers, near transit stations.

In February, I will file an economic stimulus and jobs bill. My program will include measures to stimulate more housing, streamline permitting for business expansion, add new capital projects and fund investment in emerging technology. It will expand job creation incentives and workforce education, update our pro-growth tax policies and put in place a complete sales team and marketing effort. We all like to talk about jobs; let's do what it takes to actually create them.

No dream of our future could be complete without a vision of our children's education. The news so far has been good. English immersion is now the rule in our schools. Our students consistently score in the top in national testing. Ninety-six percent of our high school seniors passed the MCAS. We are ahead of every other state in the nation in leaving no child behind.

Many of you sitting in this chamber were responsible for passage of the historic Education Reform Act of 1993 that is behind so much of the progress that has been made. Thank you for the foresight and wisdom you showed a decade ago.

Last year, I asked you to work with me on several features of what I called Legacy of Learning. Many of these proposals are now reality. School building reform has accelerated new school and remodeling projects. After-school and discipline programs were funded. And as you all know, some 13,000 Massachusetts high school seniors from your districts across the state were awarded the new, merit-based John and Abigail Adams scholarship.

But there are troubling gaps. There is still much to do.

Kids in our urban schools, most of them minorities, are not succeeding at anywhere near the rate of their counterparts in the suburbs. And let me be clear: the failure of our urban schools to prepare our children today for the challenges of tomorrow is the civil rights issue of our generation.

Ten years ago, it was felt that if we provided equal funding for urban schools, the disparity would just disappear. It has not. Yet there will be some who will simply cry for even more money. But we know money alone is not the answer. In fact, the school district that spends the most money per student in the entire state scores in the bottom ten percent on the MCAS exam.

To help give all our kids the opportunity to reach their dreams for tomorrow, I will propose the Education Reform Act of 2005. We must work together in a bipartisan effort. Many of the features I will offer will apply only to failing districts.

Here are a few:

- 1) A longer school day, with provision for special help, study hall and sports. Learning should last well into the afternoon, not end at 2 o'clock.
- 2) Our best teachers are underpaid. They deserve more and I want to pay them more.
- 3) In particular, we should pay more to attract excellent math and science teachers. Ninety-three percent of our nation's middle school science teachers didn't major or minor in science. No wonder our kids don't go into the sciences when their teachers didn't either.
- 4) Today, the MCAS tests math and English: I will move for science to be the third MCAS discipline and make science a graduation requirement as soon as possible.
- 5) We need to improve teacher training and mentoring. And we have to make it easier to remove those few teachers who consistently fail our children. I remember what it's like as a parent to see your child in a class taught by someone who just doesn't care anymore. In those rare cases when a teacher does not work in the best interests of our children's future, then that teacher should no longer have a future in the classroom.
- 6) We must also raise the bar for higher education, especially when it comes to training our future teachers.
- 7) We should lift the cap on our charter schools.

- 8) Finally, I will propose, again, mandatory parental preparation courses in failing school districts. Parental involvement in a child's education is more important than any step we can take. Not all teachers can be parents, but all parents must be teachers.

Some people will say you can't make all these changes because of union contracts. But, we also have a contract with our children. And that contract must come first.

Education is the investment our generation makes in the future. And education reform is the job of the Legislature and the Executive. We are ready to do that job.

You might think that healthcare, jobs, housing and education would be enough. But they are just the beginning. There is even more work ahead.

As we lift up our children, we must also extend a helping hand to our seniors. Our parents and grandparents should be able to live their remaining years in the comforting surroundings of their homes and communities. Let's help them by providing property tax relief consistent with Proposition 2½.

Massachusetts created Prescription Advantage for our seniors as a stopgap measure until the federal government put in place a national prescription program. Well, now they have. But it's not as comprehensive as ours. We should continue Prescription Advantage to fill in the gaps in the federal program.

Let's turn to welfare. It's past time to bring real welfare reform to Massachusetts.

People from both political parties have long recognized that welfare without work creates negative incentives that lead to permanent poverty. It robs people of self-esteem. But today, only 20 percent of welfare recipients in Massachusetts are working.

This year, we will take a close look at all our welfare programs to make sure they are serving as a safety net and not a poverty trap. And work requirements must be provided wherever possible. Let's make sure we are giving people the opportunity to achieve independent and fulfilling lives.

Auto insurance reform has been a priority we have shared this year. Together, we have now put the first phase in place. But we will need everyone's help to reject the special interests trying to steer this effort into the ditch.

Our constituents will know when the job is done. National insurers, whose advertisements we see every day on television, will finally come back to Massachusetts. Better drivers will see better rates. We in Massachusetts should be able to buy reasonably priced auto insurance, just like everybody else.

I'm concerned about the preservation of our natural resources. I will file legislation to protect our oceans from off shore drilling and commercial development. The oceans should not be up for grabs like some Wild West land rush.

For the last two years, I have asked for the Turnpike Authority to be merged into the state Highway Department. You know I don't give up easy. So, it's coming again, but with a big difference: this year, I will propose that all the savings from the merger go toward toll relief. The toll burden on the people of Western and Central Massachusetts is simply unfair and we all know it.

Finally, this evening, our thoughts turn to our citizens far away from home.

In the past year, another 15 sons of Massachusetts laid down their lives for you and for me.

I've asked two members of our National Guard to join us tonight to represent the many men and women who are serving overseas from Massachusetts and I will ask them to stand in a moment.

Andrea Couture of Sterling is a mother of two whose deployment for Operation Iraqi Freedom took her away from her family for an entire year. They needed her, but so did her country. And when Uncle Sam summoned her, Andrea responded in the proud tradition of brave Americans who love liberty.

Peter Damon of Brockton lost two of his limbs in Iraq, but not his spirit. The father of a son and a daughter, Peter has been on deployment for most of his young son's life serving a larger family – the 280 million Americans who depend on people like him to keep us safe.

Peter, Andrea, will you please stand?

We are humbled by the sacrifice and inspired by the courage. To Andrea and Peter, and all the people who serve, thank you, God bless you and God bless the Commonwealth of Massachusetts.